

GST standard rate should be 26%

The peak rate should be set at more than 30 per cent and the lower rate be reduced to four per cent, said Kerala's Finance Minister Thomas Isaac after the GST Council meeting on Tuesday. He told Dilasha Seth that the states were satisfied with the decision arrived to compensate states. Edited excerpts:

What is your take on the Centre's four-tier GST rate structure?

The Centre has proposed a four-rate structure with a top rate of 26 per cent, standard rates of 18 per cent and 12 per cent and a low rate of six per cent. I would like to have the 26 per cent raised to 30 per cent-plus, which would enable us to bring down tax on necessities from six per cent to four per cent.

Will you back the standard rate of 18 per cent?

I would say that the standard rate should be 26 per cent, while the top rate should be increased to over 30 per cent. Common man's items can either be exempt or levied with lower tax rates. Hopefully, a decision on rates will be finalised in tomorrow (Wednesday)'s meeting.

What was the big outcome of today's meeting?

The major issue that's been resolved today is the compensation for states. Basically at what rate will it be taxed. A consensus between the Centre and the states was arrived at. Base year for calculating the revenue of a state would be 2015-16 with growth rate of 14 per cent to be taken to calculate the likely revenue for first five years. Almost all states demanded that.

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